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Arizona forecast offers little prospect of change

Signals from the national economic indicators show the economy is slowing down after a very strong performance in 1988. Both real output growth and job creation are below a year ago. This cooling-off is undoubtedly pleasing the Federal Reserve authorities who have been watching the inflation gauge while gently applying the brakes in hopes of achieving a "soft landing" without recession.

First quarter figures for Arizona show that the economy remains mired in a pattern of very slow but positive expansion. For the first quarter, Arizona ranks 48th among all states in the rate of increase of nonfarm employment. Surprisingly, the non-metropolitan areas of the state seem to be growing somewhat faster than the urban areas.

THE NATIONAL SCENE

Preliminary figures (subject to later revision) show that gross national product expanded in the first quarter at an annual rate of 4.3 percent after adjustment for inflation. Analysts are quick to point out that 2.5 percentage points of the gain represent a comeback in agricultural output from the low levels caused by last year's drought. The underlying growth rate is actually estimated at an annualized rate of 1.8 percent.

GNP inflation-adjusted growth rates have been lower each quarter since peaking at 6.1 percent in the fourth quarter of 1987. Growth rates in the following four quarters were 3.4 percent, 3.0 percent, 2.5 percent, and 2.4 percent.

While some observers believe the 1.8 percent growth rate for the first quarter of 1989 is right in line with soft landing targets, others still fear that the Federal Reserve's hold on the reins of the economy

Quarterly Economic Forecast

is excessively tight and imposes the risk of a recession within the next 18 months.

In a survey of more than 50 economists reported in *Blue Chip Economic Indicators* (May 10, 1989), slightly more than two-thirds believed a recession would occur before 1992. Nearly half of those polled felt that a recession would take place in 1990.

THE NATIONAL OUTLOOK

National job growth figures for May show that only 101,000 more workers were on payrolls that month, following a gain of 206,000 in April. Employment is growing more slowly now than at any time in the past three years.

With such clear evidence that the economy is indeed slowing, it is now possible that interest rates will continue the downward movement which began in March of this year. In addition, the recent rise in the international exchange value of the dollar provides one more incentive for the Fed to ease credit conditions somewhat.

The national forecast of the Economic Outlook Center (EOC) this month is based on the critical assumption that the soft landing (slow growth without recession) strategy is successfully implemented by Federal Reserve officials during the next two quarters. Interest rates may vary around a trend line sloped gently downward.

In the EOC outlook, inflation-adjusted gross product grows 2.4 percent in 1989 and 2.0 percent in 1990 (Table 1, page 2). The economy's strength continues to come from exports and business expenditures on capital equipment. Consumption expands moderately and government spending is sluggish.

The current year will not be particularly strong nationally for housing starts, which will be lower than in 1988. A modest rebound is expected in 1990 due to lower mortgage rates.

THE WESTERN STATES

With final revised employment data now available for the states of the Western region, it is evident that many of Arizona's competitors for businesses and population are creating jobs at well above the national average pace of 3.6 percent in 1988.

Nevada led the West and the nation in job growth last year. The expansion is driven by the Las Vegas area, which accounted for 65 percent of job growth during the year. Many Arizona-based con-

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struction firms are expanding their presence in Nevada, where housing permits increased by more than 85 percent in 1988.

Washington and Oregon, along with California, are enjoying the benefits of vigorous trade with the Pacific Rim area. Portland, for example, has been designated the entry point for Hyundai automobiles, and expects to receive 250,000 units per year by 1992.

The Washington economy is sparked by

the worldwide demand for aircraft produced at the Boeing company. With over three years of orders backlogged, the giant employer continues to hire workers and recently "imported" a large number of Lockheed employees from California to meet production deadlines.

With a rate of expansion of nonfarm employment of 1.8 percent last year, Arizona's economy performed below that of every Western state except Colorado.

THE ARIZONA ECONOMY

Data for first quarter 1989 economic activity in Arizona held no surprises. Job creation in nonfarm businesses was proceeding at a 1 percent annual rate, similar to the fourth quarter of last year. While this represents no improvement, it is not a deterioration. It is, however, far off the pace of 8.2 percent recorded in 1985, and below the annual average for 1988.

Net migration was positive during the

TABLE 1

1989 AND 1990 ECONOMIC FORECASTS: UNITED STATES

	Actual 1985	Actual 1986	Actual 1987	Estimated 1988	Forecast 1989	Forecast 1990
Gross National Product						
Billions of 1982 Dollars	3,618.7	3,721.7	3,847.0	3,996.0	4,091.0	4,173.0
Percent Change	3.4	2.8	3.4	3.9	2.4	2.0
Industrial Production (Percent Change)	1.9	1.1	3.9	5.7	3.0	1.5
Net Exports (Billions of 1982 Dollars)	-104.2	-137.5	-128.9	-99.7	-91.2	-70.5
Housing Starts						
Number in Millions	1.74	1.81	1.63	1.49	1.46	1.50
Percent Change	1.7	4.0	-9.9	-8.6	-2.0	2.7
Unemployment Rate (Percent)	7.2	7.0	6.2	5.5	5.4	5.7
Consumer Price Index (Percent Change) ..	3.5	1.9	3.7	4.1	4.6	4.7
Three-Month Treasury Bill Rate (Percent)	7.5	6.0	5.8	6.7	8.3	8.0
Aaa Corporate Bond Rate (Percent)	11.4	9.0	9.4	9.7	10.3	10.0

TABLE 2

1989 AND 1990 ECONOMIC FORECASTS: ARIZONA

	Actual 1985	Actual 1986	Actual 1987	Estimated 1988	Forecast 1989	Forecast 1990
Gross State Product						
Millions of 1982 Dollars	43,505	45,923	46,905	47,795	48,846	50,360
Percent Change	6.1	5.6	2.1	1.9	2.2	3.1
Personal Income						
Millions of Current Dollars	40,955	44,856	48,466	51,593	54,998	58,958
Percent Change	11.3	9.5	8.0	6.5	6.6	7.2
Retail Sales						
Millions of Current Dollars	16,169	17,187	18,001	18,855	19,798	20,867
Percent Change	9.7	6.3	4.7	4.7	5.0	5.4
Unemployment Rate (Percent)	6.5	6.9	6.3	6.3	6.8	6.5
Wage and Salary Employment						
Number in Thousands	1,278.6	1,337.8	1,385.8	1,410.6	1,435.2	1,470.9
Percent Change	8.2	4.6	3.6	1.8	1.7	2.5
Population						
Number in Thousands	3,205	3,330	3,430	3,507	3,584	3,670
Percent Change	4.0	3.9	3.0	2.2	2.2	2.4
Single-Family Units Permitted						
Number	33,271	34,079	27,360	22,791	19,828	21,771
Percent Change	7.8	2.4	-19.7	-16.7	-13.0	9.8
Multifamily Units Permitted*						
Number	37,312	27,008	12,038	8,853	7,233	7,660
Percent Change	-22.0	-27.6	-55.4	-26.5	-18.3	5.9

*Apartment complexes of three or more units

Source (Tables 1 and 2): Economic Outlook Center, College of Business, Arizona State University.

first quarter but, at 7,000 persons, was lower than the 11,000 posted in the previous quarter. With job opportunities plentiful in the neighboring states of Nevada and California, Arizona can neither attract residents away from those states in large numbers nor hold those Arizonans who are contemplating leaving here.

Nevertheless, even net migration at the current slow pace combined with natural increase would give Arizona a population

gain about double the national rate of increase and greater than that projected for any Western state except California and Nevada.

As the national economy winds down, Arizona's slow but steady growth is beginning to look slightly better compared to just a few months ago. For example, in January of this year, Arizona ranked 49th among all states in the rate of employment gains, with an increase of 1 percent. By

March, Arizona had moved up to 42nd among the states. Although still posting a meager employment growth rate (1.1 percent), the Grand Canyon State bettered a number of states in job gains, including the "miracle" state of the presidential campaign, Massachusetts, where growth has slipped to 1 percent.

The major uncertainty for Arizona watchers is the timing and magnitude of moves by financial institutions to market

TABLE 3

ARIZONA EMPLOYMENT FORECASTS
For 1989-1990 (thousands)

	1985	Percent Change	1986	Percent Change	1987	Percent Change	1988	Percent Change	1989	Percent Change	1990	Percent Change
Manufacturing	181.5	5.1	184.6	1.7	187.4	1.5	189.9	1.3	192.0	1.1	195.3	1.7
Mining	11.8	-9.2	11.0	-7.6	11.4	3.6	12.0	5.3	12.6	5.0	13.0	3.2
Construction	111.5	15.6	113.0	1.3	102.4	-9.4	93.9	-9.0	88.3	-6.0	88.7	0.5
TCPU*	62.9	5.2	65.8	4.6	71.8	9.3	72.7	1.4	73.9	1.6	75.2	1.8
Trade	311.4	8.7	326.3	4.8	340.4	4.3	347.5	2.1	356.2	2.5	365.1	2.5
FIRE**	81.0	12.3	86.7	7.0	92.1	6.2	93.3	-1.3	90.4	-3.1	90.7	0.3
Services	299.9	9.7	325.1	8.4	345.3	6.2	361.2	4.6	374.6	3.7	388.5	3.7
Government	218.0	5.1	224.1	2.8	231.9	3.5	240.3	3.6	247.3	2.9	254.7	3.0
Total Wage and Salary Employment	1,278.6	8.2	1,337.8	4.6	1,385.8	3.6	1,410.6	1.8	1,434.6	1.7	1,469.0	2.4
Total Employment	1,381.0	0.8	1,461.0	5.8	1,510.7	3.4	1,550.0	2.6	1,588.8	2.5	1,644.4	3.5
Total Unemployment	96.0	35.2	109.0	13.5	101.0	-7.3	104.0	3.0	109.9	5.7	113.5	3.3
Labor Force	1,477.0	2.5	1,569.6	6.3	1,612.0	2.7	1,654.0	2.6	1,698.7	2.7	1,758.2	3.5
Unemployment Rate		6.5		6.9		6.3		6.3		6.8		6.5

*Transportation, Communications and Public Utilities

**Finance, Insurance and Real Estate

TABLE 4

1989 AND 1990 ECONOMIC FORECASTS: MARICOPA COUNTY

	Actual 1985	Actual 1986	Actual 1987	Estimated 1988	Forecast 1989	Forecast 1990
Consumer Price Index						
Percent Change	5.0	1.4	4.1	4.1	5.0	5.1
Retail Sales						
Millions of Current Dollars	10,829	11,342	11,743	12,223	12,846	13,527
Percent Change	11.2	4.7	3.5	4.1	5.1	5.4
Unemployment Rate (Percent)	5.1	5.6	5.2	5.1	5.5	5.3
Wage and Salary Employment						
Number in Thousands	842.4	882.6	913.8	931.3	948.1	970.9
Percent Change	9.1	4.8	3.5	2.0	1.8	2.4
Population						
Number in Thousands	1,826	1,910	1,976	2,021	2,066	2,120
Percent Change	5.6	4.6	3.4	2.3	2.2	2.6
Single-Family Units Permitted						
Number	23,143	23,851	18,012	14,734	12,875	14,214
Percent Change	11.4	3.1	-24.5	-18.2	-12.6	10.4
Multifamily Units Permitted*						
Number	27,271	18,311	9,106	6,160	5,058	5,356
Percent Change	-25.9	-32.9	-50.3	-32.4	-17.9	5.9

*Apartment complexes of three or more units

Source (Tables 3 and 4): Economic Outlook Center, College of Business, Arizona State University.

properties held as a result of foreclosures and repossessions. Many observers feel that until such holdings come onto the market and prices finally stabilize, major external investors will be reluctant to put additional funds into the state economy.

THE ARIZONA OUTLOOK

The EOC forecast for Arizona in 1989 calls for a year that is weaker — but only slightly so — than last year (Table 2, page 2). Wage and salary employment gains in the state may not reach 2 percent. With the first four months of data showing growth of 1.2 percent, the remainder of the year would have to bring about 2.5 percent job growth to average 2 percent for the year as a whole. The EOC forecast is for job growth in 1989 of 1.7 percent.

Population growth for the current year will be 2.2 percent, similar to last year's gain. Retail sales will show little improvement, just about keeping pace with the anticipated rate of inflation.

Consistent with the soft landing hypothesis for the national economy, there is no recession in the forecast for Arizona. Most sectors of the economy will register

meager but positive growth. However, residential construction activity will be down from last year. Single-family permits are projected to fall by 13 percent, to a level of 19,828. Multifamily permits will decrease for the fifth consecutive year, with a forecast of 7,233 units.

Nationally, most forecasters are anticipating that 1990 will bring slower growth than the current year. If realized, this may be beneficial for Arizona, as in-migration may be spurred by diminishing job opportunities in other parts of the nation. In addition, the painful decreases in the value of Arizona land and construction inventory are expected to increase the state's cost competitiveness for businesses considering expansion.

The Arizona forecast for 1990 is slightly more optimistic than for 1989. Job creation is projected to grow at 2.5 percent and population will increase at an annual rate of 2.4 percent.

The downward trend in residential construction is expected to reverse in 1990, with single-family permits up 9.8 percent and multifamily permits up by 5.9 percent.

The growth sectors in 1990 are mining

(up 3.2 percent), services (up 3.7 percent), and government (up 3.0 percent). The unemployment rate in 1990 will average 6.5 percent, down from an average of 6.8 percent this year (Table 3, page 3).

The Maricopa County forecast follows the same pattern anticipated for the state as a whole (Table 4, page 3). The current year will be slightly weaker than last year, with continuing problems in real estate, finance, and utilities. There will be very modest but positive improvement in 1990.

In brief, the Arizona economy is now at the bottom of a rather long economic trough. Recovery will come not with the sharp upturn Arizonans are accustomed to, but only after a slow process of corrections in real estate and construction. External factors could affect the forecast in a number of ways. A slowing national economy could increase migration to the state. On the other hand, a national recession would cripple an already weakened economy and delay recovery.

—Lee R. McPheters, *Director*
Economic Outlook Center

Arizona leading index dips slightly in April

The Arizona Index of Leading Economic Indicators decreased in April to 118.6, according to the Economic Outlook Center in the College of Business, Arizona State University. The April number was 0.4 percent lower than the revised 119.1 number for March 1989 and 1.3 percent below the April 1988 number of 120.2 (1982 = 100).

Money supply, residential building permits, manufacturing hours worked, delivery times, sensitive prices and employment had a negative impact. New orders, inventories and production were positive influences.

OUTLOOK

The major negative influence this month was the money supply. The Federal Reserve has been constricting the money supply in order to head off inflation but the signs of slowing in the national economy may lead to a change in Federal Reserve policy. The index continues to show no clear pattern in its movements suggesting that there will be little change in the Arizona economy for the time being.

—Tracy L. Clark, *Economist*
Economic Outlook Center

TABLE 1

NET CONTRIBUTION OF INDIVIDUAL COMPONENTS TO THE ARIZONA INDEX OF LEADING ECONOMIC INDICATORS

	Net Contribution*			
	Jan.	Feb.	Mar.	Apr.
Delivery Time*	-.01	-.02	.09	-.05
Inventory Levels*	.11	.02	-.09	.08
New Orders*	-.04	-.07	.12	.09
Production*	-.14	-.09	.09	.08
Employment*	-.03	-.06	.08	-.05
Residential Building Permits	-.09	-.35	.32	-.15
Average Workweek, Manufacturing	-.10	.03	.00	-.07
Money Supply	-.34	-.13	-.07	-.33
Change in Sensitive Materials Prices	.01	.06	.14	-.05
OVERALL INDEX CHANGE (%)	-.65	-.62	.67	-.44

* The net contribution of each component is calculated by multiplying the monthly percent change in its index by its relative importance.

*Based on indicators from the Purchasing Management Associations of Arizona and southern Arizona.

Source: Economic Outlook Center, College of Business, Arizona State University; sponsored by Citibank (Arizona).

Arizona construction sags further in first quarter 1989

The Arizona construction industry continued to decline with only \$951 million in new projects in first quarter 1989 — the first to dip below \$1 billion since third quarter 1983 (\$906 million). In contrast, both first and fourth quarters of 1988 reached \$1 billion. Some key sectors improved over previous quarters (see Table 2), but most reported less activity.

TABLE 1

REPORTING UNITS WITH GREATEST TOTAL VALUE OF BUILDING PERMITS First Quarter 1989

Reporting Unit	Value (in millions)
Phoenix	\$277
Scottsdale	139
Mesa	87
Chandler	47
Unincorporated Maricopa County ..	43
Tucson	40
Unincorporated Pima County	38
Lake Havasu City	25
Tempe	24
Gilbert	22
Glendale	22
Peoria	19

Source: Arizona Real Estate Center, College of Business, Arizona State University.

With \$706 million in permitted activity, Maricopa County continued to represent 74 percent of the state's construction activity. Construction in Pima County declined from \$136 million (2,811 permits) a year ago to \$88 million (2,503 permits), cutting its share of activity from 14 to 9 percent. Construction in the non-metropolitan counties rose from \$151 million to \$157 million, increasing their market share from 15 to 17 percent.

More than 80 percent of the state's permitted activity occurred in 12 reporting areas (see Table 1). Three areas reported improvement over a year ago: Phoenix (\$249 to \$277 million), Scottsdale (\$124 to \$139 million) and Mesa (\$69 to \$87 million). Major projects again were the dominant force. Just two permits in Mesa totalled \$31 million or 36 percent of the permitted activity. For the first time, a non-metropolitan city made the list: Lake Havasu City (\$13 to \$25 million).

RESIDENTIAL

Responding to higher interest rates and economic concerns, the single-family sector in Maricopa County reported only 2,953 permits, 22 percent under a year ago (3,783 permits), but 8 percent more than in fourth

quarter 1988. A few cities reported improved activity: Gilbert (155 to 224 permits), Glendale (99 to 125 permits) and Peoria (241 to 263 permits).

The number of new single-family homes authorized in Pima County fell from 811 a year ago to only 574 permits for the current quarter. Over 60 percent of the permits were issued in unincorporated Pima County; only 17 percent were in Tucson. Oro Valley remained active with 86 permits, 15 percent of the authorized homes in Pima County.

Single-family activity in the non-metropolitan counties held fairly stable at 1,151 permits, compared to 1,168 a year ago. Strong activity was reported in Lake Havasu City (203 permits), Bullhead City (101 permits) and unincorporated Yavapai County (128 permits).

COMMERCIAL

The apartment sector also fell to its lowest quarterly level during the 1980s. Only 546 units were authorized in Maricopa County, primarily in Phoenix (204 units), Chandler (200 units) and Scottsdale (114 units), in contrast to 629 units a year ago.

Only 39 units were authorized for Pima County compared to 1,037 units a year ago.

TABLE 2

KEY SECTOR CONSTRUCTION ACTIVITY (First Quarter 1989, Fourth Quarter 1988, and First Quarter 1988)

	SINGLE FAMILY		APARTMENTS*		OFFICE BUILDINGS*		RETAIL STORES*		INDUSTRIAL	
	Number of Permits	Dollar Value (000)	Number of Units	Dollar Value (000)	Number of Permits	Dollar Value (000)	Number of Permits	Dollar Value (000)	Number of Permits	Dollar Value (000)
Maricopa County										
1st Quarter 1989	2,953	325,668	546	31,666	50	87,475	110	28,522	32	38,102
4th Quarter 1988 ...	2,745	297,475	1,192	71,181	69	84,006	144	50,441	23	10,222
1st Quarter 1988 ...	3,783	353,309	629	29,546	47	25,772	178	70,649	41	16,111
Pima County										
1st Quarter 1989	574	41,279	39	953	14	1,838	25	10,242	5	2,101
4th Quarter 1988 ...	577	40,525	188	3,251	10	2,504	32	7,249	17	1,404
1st Quarter 1988 ...	811	58,068	1,037	32,566	34	3,627	14	4,372	3	601
Rest of Arizona										
1st Quarter 1989	1,151	76,449	179	5,989	17	2,225	65	13,617	17	1,758
4th Quarter 1988 ...	1,061	74,231	241	6,747	21	2,076	51	8,471	19	4,759
1st Quarter 1988 ...	1,168	73,069	79	2,805	31	5,838	68	14,314	11	11,222
Arizona Total										
1st Quarter 1989	4,678	443,396	764	38,608	81	91,538	200	52,381	54	41,961
4th Quarter 1988 ...	4,383	412,231	1,621	81,179	100	88,586	227	66,161	59	16,385
1st Quarter 1988 ...	5,762	484,446	1,745	64,917	112	35,237	260	89,335	55	27,934

* Five or more housing units

* Office, bank, medical and professional buildings

* Shopping centers and other mercantile buildings

Source: Arizona Real Estate Center, College of Business, Arizona State University.

In the rest of Arizona, apartment activity rose from 79 units a year ago to 173 units for the current quarter, led by Lake Havasu City (61 units) and Flagstaff (104 units).

The value of office building permits in Maricopa County improved sharply over a year ago (\$26 to \$87 million) and is very comparable to the \$84 million (69 permits) recorded during fourth quarter 1988. Most of the activity took place in Phoenix (\$74 million), Scottsdale (\$9 million) and Mesa (\$1 million). Tucson accounted for \$1.6 million of the \$1.8 million recorded in Pima County. No office building permit for more than \$1 million was issued in the rest of Arizona.

The retail sector was good throughout the state except in Maricopa County (see Table 1), where it dropped from \$71 million a year ago to only \$29 million. Retail development was fairly even throughout the county: Phoenix (\$12 million), Scottsdale (\$5 million), and Glendale (\$3 million). Retail development in Pima County improved from \$4 million in the first quarter 1988 to the current \$10.2 million, \$10 million of it in Tucson. In the rest of Arizona, this sector was most active in Payson (\$2 million), unincorporated Gila County (\$2.4 million) and Bullhead City (\$4 million).

The hotel/motel sector also reported a decline in activity from \$14 million to \$8 million. One permit was issued in Phoenix for \$7 million (200 rooms).

INDUSTRIAL AND OTHER

After many quarters of mediocre performance, industrial activity in Maricopa County improved from \$16 million a year ago to \$38 million. The primary areas of development were Phoenix (\$15 million), Chandler (\$10 million) and Scottsdale (\$8 million). A similar pattern in Pima County shows \$2 million in industrial development evenly divided between Tucson and unincorporated Pima County. No other area in Arizona reported industrial activity in excess of \$1 million.

Nearly \$30 million in new educational facilities—\$26 million of it in Maricopa County—led the continuing strong pace of the diverse "other" sector. Mesa led all areas with \$18 million followed by Phoenix with \$4 million. A single health care facility permit was issued in Lake Havasu City for \$7 million.

LOOKING AHEAD

Although Arizona's economy is still growing, it has not been strong enough to absorb the excess space or to stimulate new development. The major projects which are now underway will not open for a few years, when the respective markets should

be much improved. Not even the economic expansion which is expected to begin in late 1989 will be able to spark new development until more of the excess space is absorbed.

Although new home construction was lower than a year ago, permitted activity increased throughout the quarter. This sector could begin to show signs of improvement due to declining interest rates. The main threat to this sector is the increasing concern about economic security in the face of mounting layoffs and poor job

growth. Consumers who are worried about their economic futures tend to limit major purchases such as new homes. A stronger economic environment must be evident to enhance the confidence of both business and consumers in the future of the state and in their own economic well-being.

Until the economy provides the needed stimulation, there will be two primary construction forces. The first will be the continued authorization of large-scale projects which require long-term construction and create some temporary upswings in permit-

TABLE 3

ARIZONA HOUSING UNITS AUTHORIZED First Quarter 1989

	One Family	Mobile Homes	Duplex	3-4 Family	5 or More	Total
APACHE COUNTY	11	8	0	0	0	19
Percent Change, Previous Year	38	33	—	—	—	36
Percent Change, Previous Qtr.	57	-20	—	—	—	12
COCHISE COUNTY	47	98	0	0	0	145
Percent Change, Previous Year	-48	444	—	—	—	34
Percent Change, Previous Qtr.	571	553	—	—	—	559
COCONINO COUNTY	80	45	10	21	104	260
Percent Change, Previous Year	-44	-17	67	600	—	27
Percent Change, Previous Qtr.	-15	-26	25	—	—	60
GILA COUNTY	47	39	2	0	0	88
Percent Change, Previous Year	-22	-20	—	—	—	-41
Percent Change, Previous Qtr.	15	-32	—	—	—	-10
GRAHAM COUNTY	14	52	0	0	0	66
Percent Change, Previous Year	-22	-7	—	—	—	-11
Percent Change, Previous Qtr.	27	16	—	—	—	3
GREENLEE COUNTY	NR	NR	NR	NR	NR	NR
Percent Change, Previous Year	—	—	—	—	—	—
Percent Change, Previous Qtr.	—	—	—	—	—	—
LA PAZ COUNTY	1	20	0	0	0	21
Percent Change, Previous Year	-88	-62	—	—	—	-65
Percent Change, Previous Qtr.	-75	-76	—	—	—	-76
MARICOPA COUNTY	2,953	82	0	11	546	3,592
Percent Change, Previous Year	-22	-77	—	-42	-13	-25
Percent Change, Previous Qtr.	8	-20	—	-8	-54	-11
MOHAVE COUNTY	433	302	18	8	67	828
Percent Change, Previous Year	43	-5	200	167	123	25
Percent Change, Previous Qtr.	5	-14	-18	-47	-37	-9
NAVAJO COUNTY	35	23	0	0	0	58
Percent Change, Previous Year	-22	-36	—	—	—	-28
Percent Change, Previous Qtr.	-33	-18	—	—	—	-28
PIMA COUNTY	574	16	10	0	39	639
Percent Change, Previous Year	-29	-11	25	—	-96	-66
Percent Change, Previous Qtr.	-1	0	400	—	-79	-19
PINAL COUNTY	28	76	4	0	0	108
Percent Change, Previous Year	-67	-45	—	—	—	-52
Percent Change, Previous Qtr.	-72	-13	—	—	—	-42
SANTA CRUZ COUNTY	82	112	2	0	0	196
Percent Change, Previous Year	134	7	—	—	—	37
Percent Change, Previous Qtr.	110	3	—	—	—	32
YAVAPAI COUNTY	269	122	2	14	8	415
Percent Change, Previous Year	-14	7	-50	56	-11	-7
Percent Change, Previous Qtr.	21	21	-89	40	-94	-14
YUMA COUNTY	104	114	0	0	0	218
Percent Change, Previous Year	27	-38	—	—	—	-18
Percent Change, Previous Qtr.	49	-10	—	—	—	11
TOTAL, ARIZONA	4,678	1,109	48	54	764	6,653
Percent Change, Previous Year	-19	-26	-14	26	-56	-27
Percent Change, Previous Qtr.	7	-7	-4	6	-53	-9

NR: No report.

Note: A dash indicates that a percent change could not be calculated because at least one period had no activity.

Source: Arizona Real Estate Center, College of Business, Arizona State University.

ted activity. The second is the tendency of development activity to improve in the non-metropolitan counties, typically in the retail and multifamily sectors. Based on the historical pattern, the primary counties will probably be Mohave and Yavapai. However, their markets are not big enough to compensate for the weakening metropolitan counties, which so dominate the Arizona construction industry.

The first quarter's activity demonstrated some maturity on the part of the construction industry as it responded to limited economic and market potential. While the activity was declining, it still tended to follow historical patterns: most sectors were stronger than their reported levels in the fourth quarter. Until the evidence of a growing economy is stronger, construction activity probably will remain sluggish as

developers seek to determine where the real short-term strength and demands of the Arizona market lie.

— Jay Q. Butler

Dr. Butler is Associate Professor of Real Estate and Director of the Arizona Real Estate Center in the ASU College of Business.

TABLE 4

ARIZONA BUILDING PERMITS
First Quarter 1989

	Residential*		Commercial		Industrial		Other		Total	
	Number of Permits	Dollar Value (000)	Number of Permits	Dollar Value (000)	Number of Permits	Dollar Value (000)	Number of Permits	Dollar Value (000)	Number of Permits	Dollar Value (000)
APACHE COUNTY	27	723	3	169	0	0	5	552	35	1,444
Percent Change, Previous Year	8	23	-40	-5	—	—	400	2,805	13	84
Percent Change, Previous Qtr.	0	15	-40	-2	—	—	67	-79	0	-58
COCHISE COUNTY	246	3,183	7	895	0	0	125	314	378	4,392
Percent Change, Previous Year	-1	-42	-42	-50	—	—	-26	-32	-12	-43
Percent Change, Previous Qtr.	165	421	17	12	—	—	-6	-32	63	134
COCONINO COUNTY	225	9,690	44	8,410	1	0	83	1,749	353	19,849
Percent Change, Previous Year	-26	-9	33	104	-50	—	-28	36	-23	21
Percent Change, Previous Qtr.	-16	-12	19	210	-50	—	-25	-95	-16	-59
GILA COUNTY	178	4,364	13	4,886	0	0	20	84	211	9,334
Percent Change, Previous Year	-5	-16	-19	143	—	—	-39	-78	-11	23
Percent Change, Previous Qtr.	-8	3	-7	1,221	—	—	0	17	-7	99
GRAHAM COUNTY	103	1,468	8	296	1	0	28	91	140	1,855
Percent Change, Previous Year	-14	-32	-11	492	—	—	65	38	-4	-18
Percent Change, Previous Qtr.	20	14	100	58	—	—	12	-94	22	-99
GREENLEE COUNTY	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
Percent Change, Previous Year	—	—	—	—	—	—	—	—	—	—
Percent Change, Previous Qtr.	—	—	—	—	—	—	—	—	—	—
LA PAZ COUNTY	35	519	1	25	1	30	24	80	61	654
Percent Change, Previous Year	-68	-65	-80	-79	—	—	-47	21	-62	-61
Percent Change, Previous Qtr.	-71	-67	-86	-99	—	—	-71	-90	-71	-88
MARICOPA COUNTY	4,972	344,212	379	165,673	32	38,102	3,957	137,987	9,340	705,974
Percent Change, Previous Year	-20	-8	-24	-3	-22	136	-29	-3	-24	-2
Percent Change, Previous Qtr.	11	10	-16	-32	39	273	11	2	10	-3
MOHAVE COUNTY	1,091	36,002	53	8,834	1	963	313	10,647	1,458	56,446
Percent Change, Previous Year	7	41	71	241	0	1,238	-8	188	5	77
Percent Change, Previous Qtr.	-5	4	8	-27	—	—	10	496	-2	17
NAVAJO COUNTY	161	3,170	7	277	5	236	22	843	195	4,526
Percent Change, Previous Year	-9	-24	-50	-69	400	—	-59	858	-21	-13
Percent Change, Previous Qtr.	-14	-32	-36	-86	400	70	-8	3,022	-13	-33
PIMA COUNTY	1,257	46,226	60	20,217	5	2,101	1,181	19,004	2,503	87,548
Percent Change, Previous Year	-18	-27	-49	-52	67	250	3	-39	-11	-36
Percent Change, Previous Qtr.	4	2	-13	-37	-71	50	0	-10	1	-13
PINAL COUNTY	337	4,170	50	635	4	249	254	685	645	5,739
Percent Change, Previous Year	-1	-52	2	-95	—	—	47	-54	15	-74
Percent Change, Previous Qtr.	-14	-54	-51	-80	-64	-93	11	-84	-12	-72
SANTA CRUZ COUNTY	214	3,494	1	23	0	0	11	252	226	3,769
Percent Change, Previous Year	47	67	-67	-89	—	—	22	207	43	58
Percent Change, Previous Qtr.	33	25	-67	-92	—	—	175	294	33	4
YAVAPAI COUNTY	645	23,911	52	4,014	3	168	189	6,526	889	34,619
Percent Change, Previous Year	-4	2	6	-11	-25	-98	-12	111	-5	-10
Percent Change, Previous Qtr.	7	7	136	-30	0	-3	20	217	13	14
YUMA COUNTY	398	10,827	22	778	1	112	327	3,094	748	14,811
Percent Change, Previous Year	4	6	0	-64	-75	-97	38	89	16	-15
Percent Change, Previous Qtr.	33	57	-8	-46	—	—	22	119	26	52
TOTAL, ARIZONA	9,889	491,939	700	215,132	54	41,961	6,539	281,308	17,182	950,960
Percent Change, Previous Year	-14	-6	-19	-12	-4	50	-20	-2	-16	-6
Percent Change, Previous Qtr.	7	7	-13	-30	-8	156	8	-11	6	-6

*Includes mobile homes.

NR: No report.

Note: A dash indicates that a percent change could not be calculated because at least one period had no activity.

Source: Arizona Real Estate Center, College of Business, Arizona State University.

Federal expenditures in Arizona declined in 1988

Federal funds distributed in Arizona in fiscal year 1988 totaled \$12.2 billion, according to figures compiled by the U.S. Department of Commerce. Increases in federal spending in Arizona between 1981 and 1987 were well in excess of the national average, the inflation rate, and the economic growth rate. However, 2.5 percent fewer federal dollars were distributed in Arizona in 1988.

The decrease occurred because of a 20 percent drop in procurement payments, of which Department of Defense contracts accounted for nearly 90 percent. This decline in defense-related procurements contributed greatly to manufacturing layoffs around the state in the last year or two.

The Department of Defense accounted for nearly one-third of all federal spending in Arizona in 1988. It not only awarded most of the procurement contracts, but it distributed one-half of the wages and salaries paid to Arizonans by the federal gov-

ernment. The other major source of federal funds was direct payments to individuals, such as social security payments.

Arizona received 1.4 percent of all federal funds distributed to states in 1988, equal to its share of the national population. Procurement payments per person in Arizona were well above the average of the 50 states and direct payments to individuals were also above the norm.

Federal funds distributed to Arizona in other categories, however, were well below the national per capita average. This was particularly true of grants to state and local governments (see Table 1).

BY COUNTY

Cochise County received more federal funds per capita than any other county in Arizona in 1988, followed by Pima, Yuma, and La Paz counties. The least per person spending occurred in Greenlee and Santa Cruz counties.

Each of the four counties with the greatest per capita receipts of federal funds received considerable monies from the Department of Defense (see Table 2). Of the 11 other counties, only Maricopa received more than a modest amount of Defense Department funds.

Apache County received the most spending on a per person basis from federal agencies other than the Defense Department. These monies came particularly in the form of grants to local governments and salaries to workers, especially for the administration of the Indian reservations that make up so much of the county. Other counties that received substantial funds from other federal agencies included Yavapai, Gila and Pinal.

Per capita procurements were especially large in La Paz and Pima counties. Total salaries paid were particularly high in Cochise and Yuma counties, because of their large military bases. Direct payments to individuals were greatest in Mohave and Yavapai counties, each of which has a high percentage of retirees.

Unlike most economic measures, Maricopa County's share of federal funds did not match its proportion of the Arizona population. Federal spending on grants and procurements in Maricopa County occurred primarily in Mesa, Phoenix, Scottsdale and Tempe, with Mesa receiving nearly one-half of the county's Defense Department procurements.

— Tom R. Rex
Research Manager

TABLE 1

FEDERAL EXPENDITURES IN ARIZONA

	Millions of Dollars	Per Capita	Percent of U.S. Average	Rank
TOTAL	\$12,248	\$3,534	100%	19
Grants to state and local governments	1,177	339	74	46
Salaries and wages	1,763	509	95	25
Direct payments for individuals	6,019	1,737	106	14
Procurement	3,034	875	116	13
Other programs	256	74	49	41

Source: Federal Expenditures by State for Fiscal Year 1988, U.S. Department of Commerce, Bureau of the Census.

TABLE 2

PER CAPITA FEDERAL EXPENDITURES IN SELECTED ARIZONA COUNTIES

	TOTAL	Department of Defense	All Other Agencies	Grant Awards	Salaries and Wages	Direct Payments	Procurement Awards
ARIZONA	\$3,525	\$1,150	\$2,375	\$375	\$500	\$1,725	\$875
Cochise	6,050	4,100	1,950	150	2,625	2,000	1,200
Pima	4,425	2,125	2,300	275	500	1,825	1,825
Yuma	4,150	1,850	2,300	200	1,800	1,775	300
La Paz	3,950	1,925	2,025	550	50	300	2,750
Apache	3,700	25	3,650	1,600	850	975	275
Yavapai	3,150	175	2,975	125	300	2,550	150
Pinal	3,125	275	2,850	325	150	1,675	750
Maricopa	3,075	950	2,125	300	375	1,625	750

Note: Miscellaneous other payments not shown.

Source: Center for Business Research, College of Business, Arizona State University. Expenditure data from Consolidated Federal Funds Report, U.S. Department of Commerce.

1987 census of retail trade reveals growth

Nearly 20,000 retail trade establishments were in business in Arizona during 1987, according to the U.S. Department of Commerce, Bureau of the Census, which recently released the first of the reports from the 1987 economic censuses. These firms paid more than 260,000 workers \$2.6 billion in payroll while making sales of nearly \$21.8 billion. Because of the large number of retail trade establishments that go in and out of business, less than 18,000 establishments were in operation at year-end 1987.

Sales increased 60 percent between the prior census in 1982 and 1987. This gain was well in excess of the 19 percent infla-

tion rate and 18 percent population increase during those five years. The large gain was in part a result of depressed sales during 1982, when the economy was suffering through a recession.

On average, sales amounted to \$1.1 million per establishment and \$83,600 per employee. Retail sales establishments employed an average of 13 people with a payroll per employee (part-time and full-time) of \$10,075 in 1987.

Food stores and automotive dealers were the largest of the ten categories within retail trade, each contributing nearly 23 percent of the total sales. Their shares of the number of establishments were much

lower. Eating and drinking places accounted for the largest share of establishments and employment. Despite low wages, eating and drinking places still had the highest payroll. They also accounted for the greatest proportion of unincorporated businesses, followed by the miscellaneous category. Most of these unincorporated businesses were individual proprietorships. Few of the drug stores and general merchandise stores were not incorporated.

Auto dealers enjoyed the greatest increase in sales volume between 1982 and 1987 (see Table 1), in part because of a relatively high inflation rate in car prices (34 percent). Sales increased the least at gasoline service stations, where the price of gasoline fell 21 percent during this five year period.

Eating and drinking places accounted for the largest number of retail trade establishments, but their sales per establishment were very low (see Figure 1), as were their sales per employee. General merchandise stores experienced the greatest sales per establishment, but automotive dealers had the most sales per employee. Employees at auto dealerships easily made the highest average wage within retail sales; workers at eating and drinking places received the least compensation.

BY COUNTY

The Phoenix metropolitan area accounted for close to two-thirds of the state's retail sales in 1987. Pima County and non-urban Arizona accounted for nearly equal shares.

Among the rural counties, sales were greatest in Coconino County, followed by Yuma and Yavapai counties. The rankings were somewhat different when sales were measured on a per capita basis. The level of sales per resident population was highest in Santa Cruz County, followed by Maricopa, Coconino, Yuma, Pima and Mohave counties. Per capita sales were quite low in Greenlee and Apache counties (see Table 2).

Several reasons exist for the variation in per capita sales: differing consumption habits of residents, which are greatly influenced by ethnic and income differentials; variations in the degree of tourism; differences in the number of seasonal residents,

TABLE 1

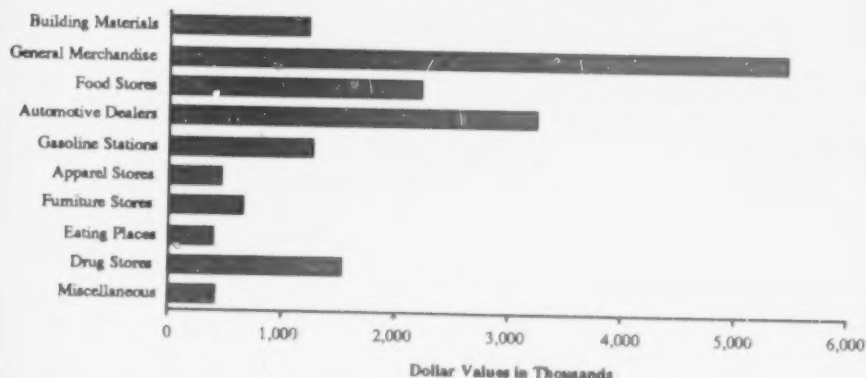
1987 CENSUS OF RETAIL TRADE ARIZONA

	Establishments	Sales in Millions	Employment in Thousands	Payroll per Employee	1982-87 Percent Change in Sales
TOTAL	19,798	\$21,778	260.5	\$10,075	60%
Building materials	898	1,117	8.9	14,096	64
General merchandise	454	2,478	25.5	9,945	60
Food stores	2,236	4,983	41.2	12,594	49
Automotive dealers	1,517	4,918	22.9	20,088	91
Gasoline stations	1,241	1,585	10.4	9,654	21
Apparel stores	1,772	835	12.1	8,351	63
Furniture stores	1,650	1,103	10.7	13,752	73
Eating places	5,510	2,208	97.1	5,910	58
Drug stores	541	828	7.8	11,789	58
Miscellaneous	3,979	1,725	23.8	10,545	65

Source: U.S. Department of Commerce, Bureau of the Census, and Center for Business Research, College of Business, Arizona State University.

FIGURE 1

1987 RETAIL SALES PER ESTABLISHMENT



Source: U.S. Department of Commerce, Bureau of the Census, and Center for Business Research, College of Business, Arizona State University.

such as students and snowbirds; and the geographic mobility of shoppers.

Santa Cruz's high per capita sales were largely explained by its sales to Mexican citizens; Maricopa County's high level resulted from a combination of all factors. Greenlee County's sales were low because its residents do much of their shopping elsewhere, particularly in neighboring Graham County.

Per capita sales in the building materials category was highest in many of the rural counties because of strong sales of hardware and mobile homes. General merchandise store sales per resident were highest in Santa Cruz County, distantly followed by Pima County. Sales to Mexican citizens made the difference.

Per capita gasoline sales were highest in rural counties where more cross-country travel occurs, particularly in La Paz and Mohave counties. Sales per person at eating and drinking establishments were greatest in Coconino County, due to its large number of tourists.

BY MAJOR CITY

Per capita retail sales by category varied widely among Maricopa County's largest cities (see Table 3), resulting from differences in income levels, the number of seasonal residents, and the geographic locations of major shopping malls, auto dealerships, and other retail centers.

Total sales per capita were by far the highest in Scottsdale, with sales particularly high at eating and drinking places, automotive dealers and miscellaneous retail outlets. Mesa's sales were next-high-

est, due largely to sales at its general merchandise stores. The only two large malls in the southeast Valley are located in Mesa.

Sales at all five of the county's largest cities exceeded the metro area average. Glendale's sales per capita were well below the norm in most of the ten categories, but its congregation of automotive dealers pulled its overall figure slightly above the metro average.

Tempe's sales were relatively low at general merchandise and apparel stores, due to its lack of a major shopping mall. But sales at food stores and eating and drinking places were well above average.

Since Phoenix accounts for nearly one-

half of the urban area's population, its per capita sales were not much different from the average in any category. Comparing the entire county to Pima County reveals higher overall per person sales in the Phoenix area, especially at food stores, automotive dealers and miscellaneous retail outlets. Tucson area sales were higher in the general merchandise category.

— Tom R. Rex
Research Manager

TABLE 2

1987 CENSUS OF RETAIL TRADE ARIZONA AND COUNTIES

	Establishments	Sales in Millions	Per Capita Sales	Employment in Thousands
ARIZONA	19,798	\$21,778	\$6,370	260.5
Maricopa	11,133	13,889	7,050	163.9
Pima	3,675	3,901	6,090	48.6
Yavapai	780	523	5,750	6.3
Coconino	678	591	6,490	8.1
Mohave	599	486	6,080	5.5
Cochise	571	401	4,050	4.8
Yuma	546	586	6,440	7.0
Pinal	509	434	4,060	5.0
Navajo	408	302	4,030	3.4
Gila	261	173	4,310	2.1
Santa Cruz	211	186	7,420	2.2
Apache	159	129	2,040	1.3
Graham	135	98	4,090	1.2
La Paz	98	62	4,460	0.8
Greenlee	35	17	1,910	0.2

Source: U.S. Department of Commerce, Bureau of the Census, and Center for Business Research, College of Business, Arizona State University.

TABLE 3

1987 CENSUS OF RETAIL TRADE PER CAPITA SALES, SELECTED AREAS

	Arizona	Non-urban Arizona	Pima County	Maricopa County	Glendale	Mesa	Phoenix	Scottsdale	Tempe
TOTAL	\$6,370	\$4,930	\$6,086	\$7,054	\$7,102	\$8,450	\$7,265	\$12,519	\$7,891
Building materials	327	338	328	322	338	484	313	282	297
General merchandise	725	510	824	781	471	1,584	790	1,566	354
Food stores	1,457	1,335	1,302	1,558	1,397	1,580	1,587	2,096	2,059
Automotive dealers	1,438	893	1,296	1,709	3,250	2,155	1,474	4,010	2,052
Gasoline stations	463	605	420	419	324	308	477	489	474
Apparel stores	244	149	260	278	110	379	334	497	170
Furniture stores	323	138	315	401	257	503	446	663	517
Eating places	646	456	619	733	456	713	794	1,475	991
Drug stores	242	206	260	251	213	319	263	315	255
Miscellaneous	505	300	461	603	294	428	784	1,118	722

Source: U.S. Department of Commerce, Bureau of the Census, and Center for Business Research, College of Business, Arizona State University.

Economic gains remained modest in March

Sluggish economic conditions continued in Arizona's metropolitan areas in March according to the coincident economic indexes. The index for Maricopa County rose just 0.2 percent to 151.6 (1982=100). In Pima County, the 0.7 percent gain to 140.7 did not completely offset February's large loss. The index for non-urban Arizona jumped 1.1 percent to 134.5, following two months of little gain.

During the first three months of 1989, the coincident indexes for the Phoenix area and non-urban Arizona performed similarly, except that commercial building permit valuations dropped much more in the Phoenix area. The result was subpar quarterly growth of 0.8 percent in the Phoenix area, but a relatively strong gain of 1.2 percent in rural Arizona.

As in the other areas of the state, retail sales in metropolitan Tucson increased while building permit valuations declined. The statewide decrease in commercial construction activity is depicted in Figure I. However, the unemployment rate rose in the Tucson area — it was flat elsewhere — and employment barely advanced compared to moderate gains elsewhere. The result was a net decline of 0.1 percent in the first quarter in the Tucson area.

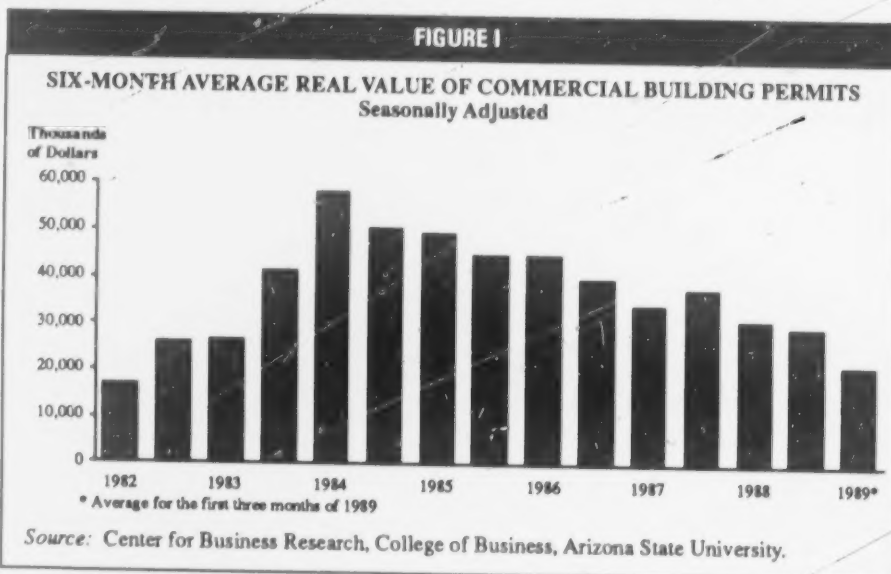
Retail sales jumped in March, especially outside the Phoenix area, reaching the highest level on record. In contrast, the value of commercial building permits plunged except in the Tucson area, which had experienced a big drop in February. The monthly value in Maricopa County was the lowest since 1982.

The composite index for Arizona rose

0.4 percent in March to 146.6, bringing the increase during the first three months of 1989 to 0.7 percent.

Preliminary data suggests that the state's economy expanded again in April at a mediocre rate.

— Tom R. Rex
Research Manager



May purchasing indicators predict more slow growth

The Arizona economy was in a holding pattern in May, as the efforts of the Federal Reserve to slow the economy have been effective. The advances in new orders and in production were only marginal; both growth rates dropped substantially from April and were the lowest since February. Employment was unchanged, and a large inventory reduction took additional steam out of the economy. The good news is that inflationary pressures are easing; prices registered the lowest increase rate in close to two years.

The momentum built by the upticks seen in March and April both in new orders received and in production lost its punch in May. However, price pressures are softening, which should permit the economy to come in for the soft landing that has been talked about so much. The Arizona economy probably will continue to show only

TABLE 1			
MAY PURCHASING SURVEY			
Key Indicators	Percent of Purchasing Managers Indicating Each Response (May compared to April)		
	Higher	Same	Lower
Prices paid for major commodities	41	54	5
Delivery time from vendors	25	70	5
Purchased materials inventory level	20	44	36
New orders received	33	39	28
Production	29	46	25
Employment	20	61	19
Purchases	33	40	27

Source: Purchasing Management Association of Arizona and the Purchasing Management Association of Southern Arizona.

moderate growth over the balance of the year.

— Harold Fearon

Dr. Fearon is the National Association of Purchasing Management Professor in the ASU College of Business.

ARIZONA ECONOMIC INDICATORS

	Month or Quarter	Value	Percent Change from Previous Period	Percent Change from Year Ago	Year-to-Date Percent Change from Year Ago
GROSS STATE PRODUCT (In Billions of Dollars, at Annual Rate)					
Arizona - Current Dollars	4th Qtr.	61.103	1.7	5.0	NA
Arizona - 1982 Dollars	4th Qtr.	48.005	0.0	0.9	NA
COINCIDENT ECONOMIC INDEXES (1982 = 100)					
Arizona	March	146.6	0.4	2.8	NA
Metropolitan Phoenix	March	151.6	0.1	2.9	NA
Metropolitan Tucson	March	140.7	0.6	2.2	NA
Non-urban Arizona	March	134.5	1.1	3.3	NA
CONSUMER PRICE INDEX (1982-84 = 100) Metropolitan Phoenix	1st Qtr.	123.7	1.0	5.4	NA
INDEX OF LEADING ECONOMIC INDICATORS (1982 = 100) Arizona	April	118.6	-0.4	-1.3	NA
BUILDING PERMITS (Total Dollar Value in Thousands)					
Maricopa County	March	255,002	16	-14	705,974
Pima County	March	31,073	36	-55	87,548
Balance of State	March	64,108	28	-15	157,438
Arizona	March	350,183	20	-20	950,960
TOTAL HOUSING UNITS AUTHORIZED Maricopa County	March	1,550	31	-32	3,592
Pima County	March	274	76	-75	639
Balance of State	March	805	-18	-10	2,422
Arizona	March	2,629	13	-39	6,653
HOME SALES Maricopa County - Number	April	3,830	15	-13	14,260
Maricopa County - Median Price	April	79,000	1.0	0.0	79,900
HOUSING AFFORDABILITY INDEXES Metropolitan Phoenix - New Homes	1st Qtr.	88	-3.3	0.0	NA
Metropolitan Phoenix - Resale Homes	1st Qtr.	124	0.8	2.4	NA
MORTGAGE INTEREST RATES (Conventional, 30-year, Fixed-rate)					
Maricopa County	May	10.7	-2.7	2.9	NA
POPULATION ESTIMATES (In Thousands) Maricopa County	1st Qtr.	2,048	0.5	2.0	NA
Arizona	1st Qtr.	3,550	0.5	2.0	NA
ELECTRICAL POWER SALES (In Millions of Kilowatt Hours)					
Arizona	March	3,229	7.1	3.8	9,840

NA = Not Applicable

Source: Center for Business Research, Arizona Real Estate Center, and Economic Outlook Center, College of Business, Arizona State University.

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